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Angry legislators demand change in Panama policy

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WASHINGTON — One angry congressman demanded Thursday that the Reagan administration "knock heads" with Panama over reports of involvement by that country's military chief in criminal narcotics activity.

Another lawmaker accused the administration of leaking the allegations against Gen. Manuel Noriega, chief of the Panama Defense Forces, because of U.S. irritation over Panama's involvement in the Contadora peace-seeking process.

Administration officials, attacked from two sides in boisterous congressional hearings, sought to end public discussion of the administration's Panama policy. They argued that quiet diplomacy aimed at bolstering civilian rule can eventually help to end the abuses that critics attribute to Panama's military leaders.

"We do not believe our interests would be served by added public speculation on this matter," James Michel, deputy assistant secretary of state for inter-American affairs, told the House Select Committee on Narcotics.

Later Thursday, the House Foreign Affairs Committee's task force on international narcotics control also heard administration officials decline to discuss the charges against Noriega.

In 36 pages of prepared statements, officials from the State and Treasury departments and the Drug Enforcement Agency never

even mentioned Noriega's name. Instead, they emphasized what they characterized as Panama's progress in combating narcotics trafficking.

The hearings followed articles in The New York Times last week in which CIA, Defense Intelligence Agency, White House, State Department and other administration officials implicated Noriega in money laundering, narcotics trafficking and arms smuggling, and accused him of simultaneously providing intelligence information to Cuba and the United States.

Michel reiterated the administration's concern that Panama's Defense Forces maintain a "continuing influence in political and governmental matters that is undesirable if civilian constitutional rule is to prosper." Pressure from the military has forced three civilians to resign Panama's presidency in five years.

But Michel refused to discuss the recent allegations against Noriega, saying that the administration "intends to continue working with Panama's duly elected officials and representatives in pursuit of our shared goals."

Pressed by Select Committee Chairman Charles Rangel, D-N.Y., the State Department's Michel denied that administration officials had leaked the allegations against Noriega to The New York Times as part of a strategy to pressure Panama as a member of the Contadora Group, which also includes Colombia, Mexico and Venezuela. U.S. officials have expressed dissatisfaction with the group's tactics in working for a Central American peace settlement.

"The implication is that somehow because we don't like the regional policy of Panama and Mexico that we planted the stories in the newspapers. I'm happy to say that's not the case," Michel said.

Rep. James Scheuer, D-N.Y., called Michel's testimony "pure bunko ... mush ... double-think and double-speak."

"What's the point of talking about shared goals?" Scheuer

asked. "We have very, very high officials [in Panama] who are corrupt, who are involved in the trafficking themselves. And what are we doing about it?"

"On the one hand, we continue our vast aid programs. On the other, we have a few officials jaw-boning ... but we aren't using our clout," Scheuer told the committee.

"We've got to knock heads with these countries," Scheuer told reporters during a recess in the hearing.

Officials from the CIA and the Defense Intelligence Agency briefed both House committees on Panama before the public hearings.

The Select Committee's chief staff member, John Cusack, said the intelligence briefers' testimony "neither confirmed nor denied" the allegations against Noriega.

The DEA's Thomas Cash testified that "there is no information in DEA files on Gen. Noriega's involvement in drug trafficking."

Task force chairman Rep. Larry Smith, D-Fla., expressed irritation with Cash's statements, especially when Cash said he was unaware of several drug cases reported widely in the press. In one exchange, Cash said he had never heard of Noriega's one-time personal pilot, Cesar Rodriguez, who was murdered in Colombia in March in a highly publicized drug vendetta.

"How many DEA agents are there in Panama, anyway?" Smith demanded at one point.

The Treasury Department's deputy assistant secretary, David Queen, said that Treasury Department figures indicate that Panamanian banks have laundered as much as \$3 billion in drug money since 1983.